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FISCAL IMPACT REPORT

ORIGINAL DATE 1/23/06
 LAST UPDATED 2/07/06

SPONSOR Boykin HB 88a/HENRC

SHORT TITLE Expenditure of Spaceport Development Funds SB _____

ANALYST Earnest

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY06	FY07	FY08		
	See narrative	See narrative		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Economic Development Department (EDD)
 State Land Office (SLO)

SUMMARY

Synopsis of HENRC Amendment

The House Energy and Natural Resources Committee amendment to House Bill 88 makes a technical language change, striking “not” in the phrase “. . . to property not owned by the state” and inserting “unless it is”.

Synopsis of Original Bill

House Bill 88 would amend the Spaceport Development Act, Section 57-31-5 C (3) NMSA 1978, to clarify the Spaceport Authority’s limitations on expending funds or incurring debt.

Specifically, the proposed amendment will allow the NM Spaceport Authority to expend funds, incur debt for the improvement, maintenance, repair or addition to property owned by the state or a political subdivision of the state.

The current statute allows such activity only on land owned by the NM Spaceport Authority.

According to EDD, current law mistakenly restricts the construction of facilities on property owned by the Authority. It is the intent of the Authority to enter into a long term lease with the State Land Office for 27 square miles of state land on which the spaceport will be designed and constructed. This amendment allows for construction of the spaceport on property leased from political subdivisions, i.e. State Land Office

FISCAL IMPLICATIONS

While it is unclear at this point, the state may recognize a loss in revenue, or at least a shift in revenue source, from the change in land usage. The specific lease arrangement between the Spaceport Authority and the State Land Office has not been negotiated or finalized.

According to the SLO, land currently under SLO agricultural lease in the desired spaceport location is revenue producing, designated to educational and other state sponsored beneficiaries. A separate commercial lease will need to be negotiated by the NM Spaceport Authority and the SLO, depending on the success of this project. If this land is somehow conveyed to the NM Spaceport Authority without due compensation, such beneficiaries will lose corresponding lease revenue.

SIGNIFICANT ISSUES

According to the SLO, this legislation, changing subsection (3), would allow the Spaceport Authority to expend funds or incur debt for the improvement, maintenance, repair or addition to property owned by the state county or municipal governments.

Thus, the bill provides the Authority with unlimited ability to adhere to Subsection C on land that the Authority does not want nor need. As this bill is clearly intended to remedy a situation for one location, it may be wise to specify the location.

SLO indicates that an alternative may be to specify the precise location in the bill. For example, “state or political subdivision land included in the proposed location for the NM Spaceport, more commonly referred to as Range 1 West, Township 15 South, Sections 16, 17, 18, 19...etc..”

PERFORMANCE IMPLICATIONS

There are no performance measures to gauge Spaceport Authority activities.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

EDD indicates that if the bill fails to pass, the construction of the spaceport facility on leased property (from State Land Office) will not be possible.

SLO indicates that if the bill fails to pass, the NM Spaceport Authority will have to purchase or lease the property proposed for the NM Spaceport.